

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Del D. Borgsdorf
Harry S. Mavrogenes

SUBJECT: SEE BELOW

DATE: May 19, 2005

Council District: 3

**SUBJECT: ENVIRONMENTAL PROTECTION AGENCY GRANT FUNDS FOR
INFRASTRUCTURE IMPROVEMENTS NECESSARY FOR THE NORTH
SAN PEDRO HOUSING PROJECT**

REASON FOR ADDENDUM

The Redevelopment Agency was contacted by the local EPA representative in April 2005, advising that the funding request was approved. The application information was sent in early May 2005. Staff was just advised this week that the application is due on June 1, 2005.

RECOMMENDATION

Adoption of resolutions by the City Council:

- (a) Authorizing the City Manager to submit an application for an Environmental Protection Agency grant in the amount of \$673,500 for infrastructure improvements necessary for the North San Pedro Housing Project;
- (b) Authorizing the City Manager to accept the grant, if awarded;
- (c) Authorizing the City Manager to execute any necessary grant documents; and
- (d) Authorizing the City Manager to negotiate and execute a Cooperation Agreement with the Redevelopment Agency for the funding of infrastructure improvements necessary for the North San Pedro Housing Project.

Adoption of resolutions by the Redevelopment Agency Board:

- (a) Authorizing the Executive Director to negotiate and execute a Cooperation Agreement with the City for the funding of infrastructure improvements necessary for the North San Pedro Housing Project; and
- (b) Approving the additional funding of \$303,075 from capital reserves to FY2004-2005 Adopted Capital Budget North San Pedro Housing/Brandenburg project line in the Julian Stockton Redevelopment Area and amending the FY 2004-2005 Agency appropriations resolution, as detailed on Attachment A.

BACKGROUND

The City of San Jose and the Redevelopment Agency requested an FY 2005 Federal appropriation in the amount of \$969,000 to assist in the delivery of the North San Pedro Housing Project. The appropriation was requested from the Environmental Protection Agency's State and Tribal Assistance Grants account. The request was specifically for construction of water and sewer infrastructure to support the proposed housing project. The estimated cost of this project is approximately \$2.4M. The City/Redevelopment Agency is obligated to provide a 45% match to the federal grant. The final amount included in the federal appropriation was \$673,500. The City/Redevelopment Agency's required match is, therefore, \$303,075. It is anticipated that the remaining costs would be funded by the project developer.

ANALYSIS

The City and Redevelopment Agency pursued a number of federal appropriations for FY 2005 to provide additional sources of funding for key projects. To support the planned high density and affordable housing project envisioned in the North San Pedro area of Downtown, major improvements are required to the water and sewer infrastructure. Much of this work is associated with the envisioned realignment of Julian Street, which restores the historic street grid pattern and makes the area more suitable for residential.

Cost estimates were prepared by the engineering firm of McKay & Soms for the public infrastructure to support the housing project. These estimates provided the basis for the requested grant funds. Support was garnered from both Senator Feinstein and Representative Lofgren.

The application must be signed by the City Manager, as the Council's designee for this application. The EPA has indicated to the Redevelopment Agency staff that the funds are earmarked for the Agency's North San Pedro Project. Consequently, the City and Redevelopment Agency Cooperation Agreement must reflect the transfer of these grant funds from the City to the Redevelopment Agency. The Redevelopment Agency is providing the 45% matching funds, under the proposed Cooperation Agreement.

Negotiations with the recommended housing developer are anticipated to begin this summer. For the purposes of the grant application, it is assumed that the construction of improvements would begin in early 2006, and take one year to complete.

COORDINATION

This report has been coordinated with the City Attorney and the Redevelopment Agency's General Counsel.

FISCAL IMPACT


The proposed additional funding of \$303,075 (representing the Agency required match) to FY 2004-2005 Adopted Capital Budget North San Pedro Housing/Brandenburg project line in the Julian Stockton Redevelopment Area will decrease the capital reserve, as detailed on Attachment A.

CEQA

GP03-03-01; North San Pedro EIR Resolution No. 72170, adopted June 15, 2004.



DEL D. BORGS DORF
City Manager



HARRY S. MAVROGENES
Executive Director

Encl.

ATTACHMENT A

CURRENT-YEAR BUDGET ADDITION

A budget addition is an adjustment in capital funding to an existing project to cover anticipated costs.
Funding of the adjustment listed below reduces the Capital Reserve.

Agency's Appn. Number	Project	ADOPTED BUDGET FY 2004-05 Agency Project Appropriation Total	Net CIP Change	REVISED BUDGET FY 2004-05 Agency Project Appropriation New Total
	Julian Stockton Redevelopment Area (Fund 068)			
0680756	North San Pedro Housing/Brandenburg	83,941	+303,075	387,016
	CAPITAL RESERVE		-303,075	